

About This Report

PURPOSE OF THE REPORT

The Environmental Protection Agency's (EPA's) Performance and Accountability Report for Fiscal Year 2006 provides performance and financial information that enables Congress, the President, and the public to assess the progress EPA is making in achieving environmental results—improving the quality of air and water and preserving and protecting the land—and using taxpayer dollars efficiently and effectively. This document also satisfies reporting requirements of the following legislation:

- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- Inspector General Act Amendments of 1988
- Chief Financial Officers Act of 1990
- Government Performance and Accountability Act of 1993 (GPRA)
- Government Management Reform Act of 1994
- Federal Financial Management Improvement Act of 1996 (FFMIA)
- Reports Consolidation Act of 2000
- Improper Payments Information Act of 2002

HOW THE REPORT IS ORGANIZED

Transmittal Letter to the President

This letter transmits EPA's FY 2006 *Performance and Accountability Report* from the Administrator to the President, Congress, and Office of Management and Budget. The letter highlights some of the Agency's FY 2006 accomplishments. It provides an assessment of the reliability and completeness of the financial and performance data contained in the report and two statements of assurance, as required by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Federal Financial Management Improvement Act

1996 (FFMIA), and the Office of Management and Budget Circular A-123 “Internal Control Systems,” issued in 1986.

Message from the Chief Financial Officer (CFO)

The CFO’s message describes progress and challenges pertaining to EPA’s financial management. It discusses EPA’s efforts to integrate budget and performance information, and it provides information on the Agency’s management and financial reportable controls program under FMFIA and financial management systems under FFMIA.

Section I—Management’s Discussion and Analysis (MD&A)

The MD&A presents an overview of the entire report. It includes an overview of the organization, a summary of the most significant performance results and challenges for FY 2006, information on the Agency’s progress in implementing the President’s Management Agenda, and a brief analysis of financial performance. It also discusses EPA’s progress in strengthening its management practices and compliance with laws and regulations (FMFIA,

FFMIA, and others) to assure the integrity of its programs and operations. Lastly, the MD&A includes the Administrator’s assurance statement, on the soundness of the Agency’s overall internal controls and its internal controls over financial reporting. The MD&A is supported and supplemented by detailed information contained in the Performance Section, Management Accomplishments and Challenges Section, Financial Section, and Appendices.

Section II—Performance Section

This section discusses our performance results and progress toward achieving the strategic objectives presented in our 2003–2008 *Strategic Plan*. Along with the details that can be found in Section II.2—*Annual Performance Goal Results: Detailed Results FY 2003–FY 2006*, this section addresses all of the required elements of an annual program performance report as specified in OMB Circular A-11, “Preparing, Submitting and Executing the Budget.” Performance results are presented for each of the Agency’s five strategic goals. For more information on this section, please contact EPA’s Office of Planning,

Analysis, and Accountability at (202) 564-9327.

Section III—Management Accomplishments and Challenges

This section discusses EPA’s progress in strengthening management practices to achieve program results. It includes the Inspector General’s list of top management challenges and discusses the Agency’s progress in responding to each issue. For more information on this section, please contact EPA’s Office of Planning, Analysis, and Accountability at (202) 564-9327.

Section IV—Financial Section

This section contains the Agency’s financial statements and related Independent Auditor’s Report, as well as other information on the Agency’s financial management. For more information on this section, please contact EPA’s Office of Financial Management at (202) 564-4905.

Appendices

The Appendices include summaries of program evaluation results, information on data quality, a list of relevant EPA internet links, and a glossary of acronyms.